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April 12, 1996

SENT VIA FEDERAL EXPRESS

Federal Communications Commission
Office of the Secretary
1919 M Street N.W.
Washington, D.C. 20554

Re: Notice of Proposed Rule Making
Our File: 1740.43619

DOCKET FILE COPY ORIGINAL


To The Honorable Members of the Federal Communications Commission:

Enclosed are ten (10) copies of comments submitted by Mid-Plains Telephone, Inc. in response to the Notice of Proposed Rule Making FCC 96-119.

If you have any questions regarding these comments please feel free to contact us.

Very truly yours,

AXLEY BRYNELSON


Grant B. Spellmeyer

GBS:mb

Enclosure

cc: Mr. Dean Voeks (w/enc.)

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in Memoriam
Ralph E. Axley
1902 - 1995

Peter Weisenberger
1946 - 1992

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FCC 96-119

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**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of:

Amendment of Part 20 and 24 of the
Commission's Rules -- Broadband
PCS Competitive Bidding and the
Commercial Mobile Radio Service
Spectrum Cap

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WT Docket No. 96-59

GN Docket No. 90-314

Amendment of the Commission's
Cellular PCS Cross-Ownership Rule

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**MID-PLAINS TELEPHONE, INC.'S COMMENTS SUBMITTED IN RESPONSE TO
NOTICE OF PROPOSED RULE MAKING**

Mid-Plains Telephone, Inc. ("Mid-Plains"), an authorized bidder in the C-Block Auction, hereby submits the following comments in response to the Notice of Proposed Rule Making issued by the Federal Communications Commission ("Commission") in the above-entitled dockets.

SECTION 1. CONTROL GROUP EQUITY STRUCTURES. Mid-Plains supports the Commission's tentative conclusion that, in the event it is unable to support offering the 50.1\49.9 percent equity structure only to women-owned and minority-owned businesses, that the Commission should make the 50.1 percent equity option available to small businesses and entrepreneurs as it did in the C-Block Auction. The availability of the 50.1 percent equity

option is important to small businesses in their efforts to attract the necessary capital to be a competitive participant in the D, E, and F Blocks of the auction process. It is important that the Commission take actions which guarantee that the auction process moves forward in a timely manner. Extension of this equity option to small businesses and entrepreneurs will facilitate this outcome.

Mid-Plains believes that the Commission should not alter the financial eligibility thresholds for the F-Block Auction to allow C-Block winners to participate in the F-Block Auction in the event that they would otherwise no longer qualify as a small business under FCC rules. The rationale for setting aside licenses for small businesses to the exclusion of larger corporations remains unchanged. Winners within the C-Block Auction may very well no longer qualify as small businesses and this result is an appropriate reflection of the fact that ownership of many C-Block licenses transforms what were small businesses into large corporations. Mid-Plains does not believe that all qualified C-Block bidders should automatically be eligible to bid on F-Block licenses and strongly urges the Commission to conclude that a blanket exemption is not in the public interest.

SECTION 2. INSTALLMENT PAYMENTS. Mid-Plains believes that the Commission should adopt the same installment payment program which was available to small businesses in the C-Block Auction. The six-year interest only payment period is essential to providing small businesses with sufficient time to commence PCS operations without having to overcome the significant financial burden of funding principal and interest payments during the crucial start-up period. The fact that there is some possibility that bid amounts in the 10 MHz

licenses will be lower than bids in the C-Block, the corresponding underlying value of a 10 MHz license is also smaller, thereby presenting a continuing need for an interest-only installment period.

SECTION 3. BIDDING CREDITS. Mid-Plains believes that bidding credits equal to those provided in the C-Block Auction are appropriate for the F-Block Auction as well. Again, a smaller bid price does not necessarily justify a smaller percentage bidding credit. The reduced underlying value of a 10 MHz license compared to a 30 MHz license, means that the dollar amount of the credit will be less than that given in the C-Block. There is no reason to reduce the percentage credit available. Although a lower bid price may have the effect of attracting more small businesses to the auction, there is no justifiable reason why bidders in the C-Block should receive a larger credit than small business bidders in the F-Block. A reduction in bidding credits as compared to those granted in the C-Block will have the effect of reducing the incentives for smaller businesses to participate in the auction process by increasing the proportional cost.

SECTION 4. DEFINITION OF SMALL BUSINESS. Mid-Plains believes that the Commission's current definition of small business as used in the C-Block Auction is appropriate and accurately reflects market realities. Again, as stated in Section 1, Mid-Plains does not believe that the value of any C-Block license should be excluded from gross revenue calculations.

SECTION 5. DEFINITION OF RURAL TELEPHONE COMPANY. Mid-Plains participated in the C-Block Auction as a rural telephone company. Mid-Plains believes that the

definition recently adopted by Congress in the Telecommunications Act of 1996 was intended by Congress to apply generally to govern the definition of rural telephone companies. The definition adopted by Congress provides a universal and workable standard for determining qualification as a rural telephone company and should be adopted by the Commission in all future rule making proceedings. In addition, Mid-Plains believes that the Commission should consider applying this definition to govern allowable geographic partitioning of rural areas served by rural telephone companies.

SECTION 6. EXTENDING SMALL BUSINESS PROVISIONS TO THE D AND E BLOCKS. Mid-Plains believes that the Commission should extend the small business provisions of the C and F Block Auctions to apply equally to the D and E Blocks as well. Significant benefits will accrue to small business, including those small businesses owned by minorities and women if the Commission were to extend the provisions to small businesses. Congress has clearly mandated that small businesses be provided with an opportunity to acquire significant numbers of PCS licenses. Providing small businesses with special terms under the D and E Blocks will further enable the Commission to meet Congress' intent.

SECTION 7. ADJUSTING FOR LOWER VALUES OF 10 MHZ LICENSES. Installment payment plans for small businesses are not too generous, notwithstanding the fact that 10 MHz licenses will probably sell at lower values. See Section 1 above. The availability of discounted up-front payments is important to encouraging the participation of entrepreneurs and small businesses in the auction process. The Commission should retain the \$0.015 per bidding unit in up-front payments similar to those required in the C-Block Auction. Even at the

reduced up-front payment rate, significant financial sums must be placed on deposit with the Commission in order to bid in the auction process. The risk of forfeiting what, in many cases, is several hundred thousand dollars worth of up-front payments is a significant deterrent to insincere or frivolous bidding and bidder-default problems. Excessive up-front payments place unnecessary burdens on small businesses and may have the detrimental effect of forcing very small businesses to opt against participation in the auction process because of the high deposit requirements.

SECTION 8. LICENSE TRANSFER RESTRICTIONS. The Commission should not alter its holding requirement rules to allow D, E, and F Block licensees to transfer their licenses within the first three (3) entrepreneur. The currently imposed transfer restrictions are not excessively burdensome and are necessary to protect against encouraging speculative bidding in the auction process. Altering the rules risks the entrance of numerous speculative bidders who may not be committed to providing adequate service.

SECTION 9. OWNERSHIP DISCLOSURE PROVISIONS. Mid-Plains supports the Commission's tentative conclusion that it should alter its disclosure requirements to require only the disclosure of attributable stockholders' direct, attributable ownership in other businesses holding or applying for CMRS or PMRS licenses. In addition, it supports deletion of the requirement that partnerships be required to file a signed and dated copy of partnership agreements. Such requirement is unduly burdensome and unnecessary to assure compliance with the law.

SECTION 10. AUCTION SCHEDULE. Mid-Plains urges that the Commission hold the auction for each of the D, E, and F Blocks separately in sequential order. Mid-Plains also urges that said auctions be held in an expeditious fashion to insure completion of all three auctions during 1996. Although the public interest will be served by the expeditious deployment of PCS services and competition-related issues dictate that winners in the D, E, and F Blocks move quickly to deploy PCS services, it makes sense to hold the three auctions separately. Certainty of a winning bid in a given market in a given block of spectrum is needed in order for small businesses to adequately assess the financial resources which should be committed in a subsequent auction of a block of the spectrum. Trying to access bid strategy simultaneously in three markets will be unduly burdensome on small businesses and will place them at a competitive disadvantage.

Dated this 24 day of April, 1996.

MID-PLAINS TELEPHONE, INC.

By:

